

FISCAL IMPACT STATEMENT ON BILL NO. **S.414**

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TO:	The Honorable David Thomas, Chairman, Senate Banking and Insurance Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Kenneth Brown		
DATE:	March 26, 2007	SBD:	2007238

AUTHOR:	Senator Land	PRIMARY CODE CITE:	38-77-1210
SUBJECT:	Vehicle Protection Product Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

The Bill would enact the "Vehicle Protection Product Act", provides for definitions, requires the regulation of vehicle protection product warranties, requires a vehicle protection warranty to adhere to the provisions of Article 12, and authorizes the Director of Insurance to impose civil penalties for violation of Article 12.

EXPLANATION OF IMPACT:

Section 38-77-1230(C) allows the Director to charge each registrant a fee to offset the cost of processing registrations and maintaining records. The Department estimates that between ten and fifteen companies will seek licensure under the provisions of the Bill. Costs are estimated to total between \$7,000 and \$8,000 in the first year and would cover Information Technology programming estimated at \$2,500 to \$3,000. Administrative costs for staff and operating expenses are estimated at \$4,500 to \$5,000. Costs thereafter are estimated to be \$3,500 annually.

Assuming fifteen companies seek licensure cost not covered by other funds revenue the first year can be estimated at between \$3,250 and \$4,250. Other funds revenue should cover all costs after the first year of implementation.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this Bill.

Approved by:



Harry Bell
Assistant Director, Office of State Budget